GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2690
ANSWERED ON:14.03.2016
Formula for Price of Natural Gas
Chavan Shri Harishchandra Deoram;Dhotre Shri Sanjay Shamrao;Gutha Shri Sukender Reddy;Mondal Smt. Pratima;Ram Shri Janak;Reddy,Kotha Prabhakar;Vellaigounder Shri Elumalai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has implemented Rangarajan and Vijay Kelkar Committee recommendation to determine the prices of natural gas, if so, the details thereof along with the existing mechanism/ formula for fixing the prices of domestic natural gas for users;
(b) whether the Government has received requests from domestic gas producers/companies for reviewing the existing mechanism/formula for fixing the prices of domestic gas for end users and if so, the details thereof;
(c) whether the cases of violation of New Domestic Natural Gas Pricing Guidelines-2014 by the domestic gas producers/companies have come to the notice of the Government in the country and if so, the details thereof, company-wise;
(d) whether the ONGC has requested the Government to review the new gas pricing formula in KG basin which is termed as non-viable to carry out its discoveries in KG Basin and if so, the response of the Government thereto;
(e) whether the Government proposes any roadmap to bridge the gap between the imported price and domestic price of gas particularly when we are importing large quantities of gas and if so, the details thereof; and
(f) whether the Government proposes to change the existing gas price fixation formula and incentivize the companies operating in deep/ultra-deep and high pressure high temperature water blocks and if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE)
IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN):
(a) Rangarajan and Kelkar Committee have submitted their report on various upstream related issues including pricing of domestically produced natural gas. Government, after considering the issue comprehensively has approved the pricing mechanism which was notified in the form of New Domestic Gas Pricing Guidelines, 2014. The same can be viewed on this Ministry's website-http://www.petroleum.nic.in
(b) Yes, Madam. After the notification of New Domestic Natural Gas Pricing Guidelines, 2014, some of the producers operating in deep water, ultra deep water and High Pressure High Temperature (HPHT) blocks have requested to allow them freedom to sell gas produced from such fields on market determined prices. They have made such request on the ground that production of gas from such field entails higher costs and also involves higher risk.
(c) Some representations have been received by the Government in this regard which are under examination.
(d) Yes, Madam. ONGC has requested to allow them freedom to sell gas produced from such fields on market determined prices.
(e) Domestic price of natural gas is linked to the prices at major hubs and tries to balance the interests of producers as well as consumers. The price of imported LNG is dependent on crude price (Brent/JCC) as well as demand and supply of LNG in international market.
(f) Considering the requests of the operators and also higher costs associated with such development, Government has decided to grant marketing freedom with a cap on the price to the discoveries, made in High Pressure, High Temperature, Deepwater & Ultra Deepwater areas, which are yet to come on commercial production as on 01.01.2016.
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